

Message Text

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
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CEA-01 STR-07 AID-05 COME-00 EB-08 FRB-03 TRSE-00
XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 DOE-15 SOE-02
AGRE-00 /118 W

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R 121301Z MAY 78
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC 1450
INFO AMEMBASSY BELGRADE
AMEMBASSY BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY MOSCOW
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW
AMCONSUL MUNICH
USMISSION USNATO

C O N F I D E N T I A L SECTION 1 OF 2 BUDAPEST 1935

E.O.11652: GDS
TAGS: ECON EEWT PGOV PINT PINR HU
SUBJECT: CHANGES IN HUNGARIAN LEADERSHIP

REF: (A) BUDAPEST 1690 (NOTAL) (B) BUDAPEST 1714

SUMMARY. THE DROPPING OF BELA BISZKU FROM HIS IMPORTANT FUNCTIONS
IN SECRETARIAT
APPEARS TO BE A POLITICAL MOVE BECAUSE OF HIS OPPOSITION

TO ECONOMIC REFORM POLICIES. AT THE SAME TIME, THE MOVE HELPS
ASSURE THE SUCCESSION OF A YOUNGER REFORM-MINDED GROUP OF LEADERS
WHO COULD BE EXPECTED TO CONTINUE PRESENT POLICY DIRECTIONS. END
SUMMARY.

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1. INFORMED HUNGARIAN AND DIPLOMATIC SOURCES HAVE ADVANCED FIVE
THEORIES TO EXPLAIN BELA BISZKU'S DEMOTION FROM NUMBER TWO IN THE
PARTY AND REMOVAL FROM SECRETARIAT OF HSWP. THIS ACTION WAS KEY
PERSONNEL CHANGE ANNOUNCED APR 22 BY HSWP CENTRAL COMMITTEE (CC).
A. HEALTH: BISZKU IS SICK, NEEDS TO SLOW DOWN, AND CONSE-
QUENTLY HAS BEEN RELIEVED OF HIS HEAVY ADMINISTRATIVE DUTIES IN

THE SECRETARIAT (SECURITY AND PARTY APPARAT AFFAIRS), WHILE RETAINING HIS INFLUENCE AS A POLITBURO MEMBER. COMMENT: IT IS TRUE THAT BISZKU IS NOT IN BEST OF HEALTH. THE CUBAN AMBASSADOR SAYS, FOR EXAMPLE, THAT BISZKU WAS ACCOMPANIED BY A PERSONAL PHYSICIAN DURING HIS RECENT TRIP TO LATIN AMERICAN WHO TREATED HIM TWICE A DAY. WE HAVE UNDERSTOOD, HOWEVER, FOR SOME TIME THAT BISZKU HAS HEALTH PROBLEMS AND BELIEVE THAT THEY HAD LITTLE TO DO WITH HIS DEMOTION.

B. MACHINATIONS: BISZKU TRIED TO ENLIST THE SUPPORT OF SOVIET UNION IN AN ATTEMPT TO REMOVE KADAR, OR AT LEAST HAVE HIMSELF MORE CLEARLY DESIGNATED AS KADAR'S SUCCESSOR. ACCORDING TO THIS THEORY, THE SOVIETS INFORMED MARJAI OF BISZKU'S MACHINATIONS WHO IN TURN INFORMED KADAR. AS A RESULT, MARJAI WAS PROMOTED TO DEPUTY PRIME MINISTER. COMMENT: THERE IS PROBABLY A GRAIN OF TRUTH IN THIS THEORY IN THE SENSE THAT BISZKU HAS BEEN CLOSE TO THE SOVIETS AND MAY HAVE TRIED TO INGRATiate HIMSELF WITH THEM. HOWEVER, WE DO NOT BELIEVE THAT BISZKU WOULD HAVE MISCALCULATED HIS CHANCES OF SUCCESS SO BADLY. MOREOVER, IT DOES NOT APPEAR AS IF THE SOVIETS WISH TO SEE KADAR UNDERMINED. SEVERAL HUNGARIAN SOURCES HAVE POINTED OUT TO US THAT THE ARTICLE APPEARING IN NEW TIMES (BUDAPEST 1498) IN SUPPORT OF HUNGARIN "MODEL" OF COMMUNISM DID NOT APPEAR BY ACCIDENT ONLY TWO WEEKS BEFORE HSWP CENTRAL COMMITTEE MEETING REMOVING BISZKU. WE DO NOT PRECLUDE THE POSSIBILITY THAT BISZKU TRIED TO USE THE SOVIETS TO BUTTRESS HIS POSITION IN THE PARTY, BUT WE BELIEVE CONFIDENTIAL

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THIS WOULD HAVE BEEN A DEFENSIVE RATHER THAN OFFENSIVE ACTION.

C. RIVALRY WITH LAZAR: BISZKU USED DISSATISFACTION WITH HUNGARY'S ECONOMIC PERFORMANCE TO MOUNT A DIRECT CHALLENGE TO LAZAR AND OTHER HUNGARIAN ECONOMIC LEADERS AT APR 19 CC MEETING AND WAS OUTVOTED IN SHOWDOWN. COMMENT: THIS IS NEITHER KADAR'S NOR HSWP'S STYLE. CC IS USUALLY NOT GIVEN SUCH AN IMPORTANT DECISION-MAKING ROLE. THIS THEORY SEEMS TO BE THE PRODUCT OF OVER-TRANSLATING THE CC'S DECISIONS OF LAST FALL (77 BUDAPEST 3755) INTO CRITICISM OF THE ECONOMIC LEADERSHIP, A LEADING FIGURE IN WHICH IS LAZAR. CONSENSUS OF OUR SOURCES IS THAT LAZAR REMAINS A LEADING REGIME FIGURE, HAS AN IMPORTANT ROLE IN ECONOMIC MANAGEMENT, BUT IS MORE AN IMPLEMENTER THAN INNOVATOR. HE IS NOT, APPARENTLY, DESTINED FOR HIGHER THINGS. KARLY NEMETH, FERENC HAVASI AND ISTVAN HUSZAR ARE, IN OUR

SOURCES' VIEW, THE KEY ECONOMIC POLICY DECISION-MAKERS AFTER, OF COURSE, KADAR.

D. ECONOMIC REFORM: BISZKU WAS REMOVED FOR OPPOSING ECONOMIC REFORM PATH MAPPED OUT AT LAST FALL'S PLENUM. COMMENT: EMBASSY BELIEVES THERE IS LARGE ELEMENT OF TRUTH IN

THIS THEORY. THE PICTURE WE GET IS THAT BISZKU HAS LONG BEEN

ANTIPATHETIC TOWARD THE REFORM AND, IN 1974, LED THE CRITICISM
OF RAISING AGRICULTURAL INCOMES RELATIVE TO INDUSTRIAL WORKERS'
INCOME. THE FACT THAT HUNGARY'S AGRICULTURAL DEVELOPMENT AND
CONTRIBUTION TO HUNGARY'S BALANCE OF PAYMENTS SUFFERED OVER THE
PAST THREE YEARS AS THIS BRANCH OF THE ECONOMY HAS DE-EMPHASIZED
MADE BISZKU VULNERABLE TO CRITICISM. HE IS SAID TO HAVE ALSO
BEEN OPPOSED TO INCREASED FOREIGN TRADE TIES TO WEST, ECONOMIC
DECENTRALIZATION AND CLOSER APPROXIMATION TO MARKET ECONOMIES
IN DETERMINING PRICES AND COSTS IN MANUFACTURING. THE CC LAUNCHED
THE PARTY ON THIS PATH AT LAST FALL'S PLENUM, AT WHICH TIME
BASIC DECISION WERE TAKEN AND WHICH LED THIS SPRING, APPARENTLY,
TO BISZKU'S DEMOTION.
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C O N F I D E N T I A L SECTION 2 OF 2 BUDAPEST 1935

3. SUCCESSION: BISZKU WAS DEMOTED BECAUSE THE SUCCESSION TO KADAR NEEDS TO BE PREPARED. COMMENT: THERE MAY BE SOME TRUTH IN THIS THEORY. OUR SOURCES SAY BISZKU IS AN OLD-STYLE PARTY APPARATCHIK: POORLY EDUCATED, PREJUDICED TOWARDS TRADITIONAL METHODS, NOT UNDERSTANDING NEED FOR MASS SUPPORT FOR THE PARTY, SUSPICIOUS OF THE WEST, ETC. IF KADAR IS THINKING OF WHAT IS GOING TO HAPPEN TO THE PARTY AFTER HE LEAVES THE SCENE, HE SHOULD BE MORE COMFORTABLE WITH LIEUTENANTS SUCH AS NEMETH RATHER THAN BISZKU.

2. OUR CONCLUSION IS THAT BISZKU GRADUALLY BECAME MORE OF A LIABILITY THAN AS ASSET TO KADAR, ESPECIALLY SINCE LAST FALL'S PLENUM AS THE DISTANCE BETWEEN HIS PERSONAL PREDILCTIONS AND THE REFORM PATH OF THE PARTY BECAME GREATER. IF ONE LOOKS AT CONFIDENTIAL

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THE FUTURE OF THE PARTY, AS KADAR APPARENTLY FES, IT BECOMES CLEARER THAT BISZKU, WITH HIS CONSERVATIVE VIEWS, HAD TOO MUCH POWER IN HIS KEY SECRETARIAT POSITION AND AS TITULAR NUMBER TWO IN THE PARTY. THUS HIS DEMOTION.

3. BUT NOT HIS OUSTER FROM THE POLITBURO, WHICH CONTINUES TO CONSIST OF A CREFUL BALANCE BETWEEN CONSERVATIVES AND REFORMERS. THE CONSERVATIVES --APRO, NEMES, PULLAI, BISZKU -- ARETHSTILL AROUND, AND THEIR PRESENCE SHOULD BE REASSURING TO BOTH THE SOVIETS AND THOSE YOUNGER PARTY MEMBERS WHO WONDER IF THE PARTY IS NOT GOING TOO FAR DOWN THE REFORM PATH. THE REFORMERS ARE MOVING INCREASINGLY INTO THE KEY POSITIONS OF CONTROL IN THE PARTY. NEMETH'S ASSUMPTION OF SOME OF BISZKU'S FUNCTIONS IS AN INDICATION OF THIS TREND. SINCE MEMBERS OF THE POLITBURO ARE TRADITIONALLY JVOPPED ONLY DURING PARTY CONGRESSES, WE PERHAPS CAN ANTICIPATE THAT SOME OF THE OLDER CONSERVATIVES WILL BE DROPPED AT THE NEXT CONGRESS IN 1980. IN THE MEANTIME, THEY ARE ASSUMING MORE THE ROLE OF FIGUREHEADS RATHER THAN DECISION-MAKERS

4. KADAR REMAINS NUMBER ONE, PRESIDING OVER A PARTY AND POLITBURO WHICH REPRESENTS U L SHADES OF OPINION AND STYLE. HIS CONTINUED LEADERSHIP IS REASSURING TO ALL, AND HIS SUCCESSION QUESTULN CAN- NOT REALLY BE SETTLED AT THIS TIME. NEMETH HAS THE EDGE, BUT ONLY TIME WILL TELL IF HE CAN SUCCESSFULLY MAINTAIN THIS SLIPPERY PERCH.

5. FROM A POLITICAL POINT OF VIEW, BISZKU'S DEMOTION WAS THE KEY TO THE PERSONNEL CHANGES AND THEREFORE WE HAVE DWELT ON THE SIGNIFICANCE OF HIS REMOVAL. WE DO NOT KNOW IF THERE WERE ANY DIRECT LINKS BETWEEN BISZKU AND PARDI OR KATONA, BUT WE ARE INFORMED THAT LATTER TWO LEADERS WERE REMOVED FROM THEIR JOBS

AS HEAD OF CC ECONOMIC POLICY DEPARTMENT AND FIRST SECRETARY

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OF BUCHAREST PARTY COMMITTEE BECAUSE THEY HAD SAME CONSERVATIVE MINDSET AS BISZKU.

6. EMBASSY SEES FOLLOWING DIVISION OF LABOR WITHIN NEWLY CONSTITUTED HSWP SECRETARIAT. NEMETH, NOW HIS APPARENT, WILL HANDLE GENERAL ECONOMIC POLICY, DIRECTLY SUPERVISE ADMINISTRATION OF PARTY AFFAIRS AND CADRES AND PROVIDE OVER-ALL LEADERSHIP OF SECRETARIAT ACTIVITIES. MIHALY KOROM WILL BE RESPONSIBLE FOR INTERIOR MINISTRY, POLICE AND ARMED FORCES. SANDOR BORBELY WILL, UNDER NEMETH'S SUPERVISION, LOOK TO ADMINISTRATION OF HSWP AND PARTY CADRE WORK. ISTVAN HAVASI WILL BE, WITH SOME INPUT FROM NEMETH, LARGELY RESPONSIBLE FOR ECONOMIC AFFAIRS. ANDRAS GYENES REMAINS RESPONSIBLE FOR FOREIGN POLICY; MIKLOS OVARI AND IMRE GYORI WILL SHARE THE IDEOLOGY, EDUCATION AND CULTURE PORTFOLIOS.

7. AMONG THE DEPUTY PRIME MINISTERS, JOZSEF MARJAI WILL HANDLE CEMA AND INTERNATIONAL ECONOMIC RELATIONS; GYULA SZEKER REPLACES HAVASI AS THE MAN RESPONSIBLE FOR EXECUTION OF ECONOMIC POLICIES, PARTICULARLY WITH REGARD TO INDUSTRY. GYORGY ACZEL WILL DEAL WITH CULTURE, EDUCATION AND IDEOLOGY. JANOS BORBANDI, DEFENSE AND SECURITY; ISTVAN HUSZAR, ECONOMIC PLANNING AND OVER-ALL POLICY. WE HAVE BEEN TOLD THAT IT WILL NOT BE DECIDED WHO WILL SUPERVISE RELATIONS WITH THE WEST UNTIL MARJAI RETURNS FROM MOSCOW AND ASSUMES HIS NEW JOB IN FACT AS WELL AS IN TITLE.

8. THE CURRENT BUDAPEST JOKE: QUESTION - WHY WERE YOU REMOVED FROM THE SECRETARIAT, COHADE BISZKU? ANSWER - AKOROM

MIATT (A REFERENCE TO BISZKU'S AGE AND TO MIHALY KOROM, WHO WAS PROMOTED TO THE SECRETARIAL). WILGIS

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